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December 16, 1998

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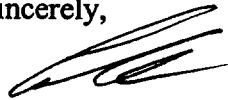
**FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY**

**Re: In the Matter of Truth-In-Billing and Billing Format
CC Docket No. 98-170**

Dear Ms. Salas:

Enclosed please find the original and four copies of the reply comments of the Billing Reform Task Force in the above-referenced matter.

Sincerely,



Edwin N. Lavergne

Attachments

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BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of

Truth-In-Billing

and

Billing Format

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CC Docket No. 98-170

**REPLY COMMENTS OF THE
BILLING REFORM TASK FORCE**

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December 16, 1998

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SUMMARY

The Commission has solicited input on proposed measures to make telephone bills more clear, accurate, and understandable. In its initial comments, the BRTF largely supported the Commission's proposals, while also suggesting additional measures that would both protect consumers, and preserve the use of the telephone bill as a non-discriminatory means for billing for a wide variety of products and services.

The BRTF has endorsed the segregation of "deniable" from "non-deniable" charges on consumers' telephone bills, but observed that current pay-per-call billing disclosures actually *invite* consumers to charge back legitimate charges. To rectify this problem, the BRTF proposed changes to the Commission's billing disclosure rules, and offered a sample billing notice that would act as a safe harbor to ensure compliance. The BRTF also requested that the Commission clarify that charges for non-deniable services provided by LECs must comply with the same regulations as those made by third parties. The comments of other parties suggest support for the principles underlying the BRTF's proposals.

The BRTF also urged the Commission to preserve the ability of vendors to use the telephone bill as a means to charge consumers for a wide variety of products and services. Banning billing for non-communications services would deprive consumers and service providers of the benefits of telephone billing. Present laws will suffice to punish the relatively small number of bad actors who abuse the telephone billing system. Moreover, such a ban would devastate third-party service providers, and would give LECs that offer, or plan to offer, competing services an unfair competitive advantage.

Finally, the BRTF expressed concern about the recent proliferation of unreasonable, onerous, and overly restrictive billing practices by some LECs. The comments of other parties

further document this problem, underscoring the need for the Commission to take immediate action. The BRTF urges the Commission to curtail these practices by strictly enforcing the non-discrimination requirements adopted pursuant to Section 272(c) of the Communications Act. To the extent that these requirements do not adequately address the problem, the Commission should exercise its ancillary jurisdiction under Title I to preclude such practices in the future.

**BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554**

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**REPLY COMMENTS OF THE
BILLING REFORM TASK FORCE**

The Billing Reform Task Force ("BRTF"), through its attorneys, hereby submits these reply comments on the Notice of Proposed Rulemaking ("NPRM") in the above-referenced proceeding. The BRTF supports the adoption of flexible billing guidelines that protect the interests of both consumers and service providers. In particular, the BRTF supports the adoption of guidelines that will ensure that service providers have access to local exchange carrier ("LEC") billing and collection services, and that LECs provide those services in a fair, non-discriminatory manner. The BRTF also urges the Commission to investigate increasingly frequent discrimination by LECs against third-party billing entities, and to adopt rules to prevent such discrimination in the future.

I. INTRODUCTION

The BRTF is a non-profit organization representing the interests of leading service bureaus, information providers, and billing entities that provide 700, 800, 900, and other interactive telephone services. BRTF members process a significant percentage of pay-per-call traffic and other telephone-

billed purchases generated in the United States. Many BRTF members are also members of the Internet Alliance (formerly the Interactive Services Association), and as such, have been active participants in other proceedings initiated by the FCC and the Federal Trade Commission (“FTC”) involving pay-per-call services.¹

The BRTF was established to work with the FCC, FTC, consumer groups, telephone carriers and other billing entities to implement critically needed billing and collection reforms. Specifically, the BRTF wants to (i) ensure that consumers are fully informed of both their rights and responsibilities associated with telephone-billed purchases including pay-per-call services; (ii) reduce the inordinately high level of chargebacks that currently plague the pay-per-call industry; and (iii) preserve the use of the telephone bill as a non-discriminatory billing mechanism for a wide variety of communications and non-communications services in a way that is beneficial to consumers. These objectives can be achieved through voluntary industry initiatives combined with changes to federal and state pay-per-call rules.

II. THE COMMISSION SHOULD AMEND ITS PAY-PER-CALL BILLING DISCLOSURE REQUIREMENTS AND APPLY THOSE AMENDED REQUIREMENTS TO ALL NON-DENIABLE CHARGES.

In its comments, the BRTF supported the segregation of “deniable” from “non-deniable” charges on consumers’ telephone bills in a manner similar to the way pay-per-call charges are presently segregated from basic telecommunications charges pursuant to the requirements of the

1. The BRTF consists of the following companies: Advanced Telecom Services, Inc., American Telnet, IAS, Inc., ICN Ltd., IntegreTel, Micro Voice Applications, Inc., Mirage Marketing, Inc., National A-1 Advertising, Inc., National Telephone, Inc., Network Telephone Services, Inc., The TPI Group, Telecompute Corporation, USP&C, and West Interactive, Inc.

Telephone Disclosure and Dispute Resolution Act of 1992.² Like the BRTF, many other commenters support differentiating between deniable and non-deniable charges.³ The National Consumer League goes one step further by suggesting the use of a “universal symbol” to identify non-deniable charges.⁴ The BRTF would support the use of such a symbol if the Commission concurrently amends its rules to ensure that consumers are informed of their obligation to pay non-deniable charges -- notwithstanding the fact that basic phone service may not be terminated for non-payment of such charges.

In considering how to differentiate between deniable and non-deniable charges and whether to apply the existing pay-per-call segregation rules to a wider range of services, the Commission must recognize that current pay-per-call billing disclosures actually *invite* consumers to charge back legitimate charges. Many commenters agree that the existing pay-per-call disclosures lead consumers to believe that they are not legally responsible for paying non-deniable charges.⁵ The BRTF’s proposed amendment to Section 64.1510 of the Commission’s rules (attached as Exhibit A) is intended to address this problem by ensuring that consumers are informed that service providers have a right to collect legitimate non-deniable charges, and that the failure to pay such charges may result in restrictions on future access to non-communications services and have an effect on a

2. See Comments of the BRTF at 3-4.

3. See, e.g., Comments of the Federal Trade Commission at 15; Comments of the Florida Public Service Commission at 7; Comments of the Coalition to Ensure Responsible Billing at 20; Comments of the Public Utilities Commission of Ohio at 9; Comments of the United States Telephone Association at 8.

4. Comments of the National Consumers League at 7.

5. See, e.g., Comments of USP&C at 6; Comments of BellSouth at 9; Comments of Coalition to Ensure Responsible Billing at 20 (suggesting a uniform national requirement).

consumer's credit history.

The comments filed by Sprint dramatically underscore the need for language that more clearly informs consumers of their *responsibility* to pay for legitimately incurred pay-per-call charges. Sprint opposes any proposal that would require that telephone bills differentiate between deniable and non-deniable charges or that would extend pay-per-call disconnection disclaimers to other services “because such proposals would increase carriers’ bad debt significantly, and negatively affect carriers’ cash flow, by *encouraging unscrupulous or irresponsible consumer behavior*.”⁶ Members of the BRTF have seen pay-per-call bad debt skyrocket precisely because of the “unscrupulous and irresponsible” consumer behavior that Sprint fears. The BRTF’s proposed amendment to Section 64.1510 is intended to curb such consumer abuses in the future.

Other comments in this proceeding suggest support for the principles underlying the BRTF’s proposed amendments to Section 64.1510. For example, the Kansas Corporation Commission asks the FCC to adopt language that clearly informs consumers of their right not to have basic phone service disconnected for failing to pay non-deniable charges, “while not unduly *encouraging* the denial of legitimate charges.”⁷ USP&C urges the Commission to recognize that safeguards are required to protect service providers from situations that “may encourage consumers not to pay for lawful services they both subscribed to and used.”⁸

While some parties argue against distinguishing between deniable and non-deniable charges, the BRTF’s proposed amendment would address their concerns. For example, the Project Mutual

6. Comments of Sprint Corporation at 15 (emphasis added).

7. Comments of the Kansas Corporation Commission at 5 (emphasis added).

8. Comments of USP&C at 6.

Telephone Cooperative Association (“PMT”) believes that disclosing the non-deniable nature of a charge “would result in a situation where a higher number of customers would elect not to pay certain charges.”⁹ The Association for Local Telecommunications Services and others express similar views.¹⁰

However, the problem these parties identify is *precisely* the problem that the BRTF’s proposed amendment to Section 64.1510 was intended to address. The proposed amendment would inform consumers that service providers or third party collection agents have the right to pursue collection of legitimate charges and may report any failure to pay such charges to a credit agency. Once consumers are educated about the consequences of failing to pay legitimate charges, they will be far less inclined to walk away from their responsibilities to pay for telephone-billed purchases.¹¹

The BRTF’s proposed rule change also is in keeping with the many commenters who suggest, as a general matter, that clear guidelines, rather than hard-and-fast, “one-size-fits-all” requirements, are the most appropriate means of addressing concerns about the wording and

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9. PMT Comments at 5; *see also* Comments of Bell Atlantic at 9 (“Bell Atlantic does not think that customers should be encouraged not to pay their bills. This would likely be the effect of requiring that bills have flashing neon lights highlighting charges that the customer has less obligation to pay. . . . Bills should not suggest that it’s OK not to pay some of the charges on them.”)
 10. *See* Comments of Association for Local Telecommunications Services at 9-10; *see also* Comments of Competitive Telecommunications Association at 7; Comments of Excel Communications, Inc. at 11; Comments of Sprint Corporation at 15.
 11. Although this proposed amendment focuses on the FCC’s existing pay-per-call billing disclosure requirements, if the Commission expands those requirements to services beyond pay-per-call (*i.e.*, to all non-deniable services), rule changes that mirror those proposed by the BRTF to Section 64.1510 should be adopted to cover such additional services.

organization of telephone bills.¹² The BRTF's proposed amendment defines what disclosures must be made, but does not mandate how they should be communicated to the consumer. Attached as Exhibit B is a sample bill notice that demonstrates one means of making the required disclosures. This sample bill notice could be deemed a safe harbor, but billing entities would retain the flexibility to employ other methods of disclosure consistent with the amended rules.¹³

Finally, it is imperative that any requirement to segregate deniable from non-deniable charges be applied in an equitable and nondiscriminatory manner to *all* telephone-billed charges, regardless of their source. In its comments, Pilgrim Telephone states that at least one LEC requires that voice mail or similar services billed for *third parties* be segregated from other charges pursuant to the Commission's pay-per-call segregation requirements. The LEC's bills, however, conveniently neglect to mention that the LEC's *own* voice mail is also a "non-deniable" service.¹⁴ Pilgrim goes on to provide an in-depth look at other troubling LEC billing practices, and concludes that the LEC's bill format for its own services "results in much lower complaint rates, refund rates, and non-payment rates. Billing rights notices are omitted entirely, or printed on the bill in such a way that the consumer is unaware that the same non-payment rights apply to the LEC offered enhanced services as apply to the competitor enhanced services."¹⁵ Such practices are at the very heart of the

12. See, e.g., Comments of the AT&T at 9-10; Comments of the Florida Public Service Commission at 4; Comments of MCI WorldCom, Inc. at 31-33.

13. Of course, enforcement will be critical to the success of any newly adopted billing disclosure requirements. See, e.g., Comments of GST Telecom, Inc. at 16 (discussing various FCC enforcement mechanisms and suggesting the FCC should focus its resources on using those mechanisms to enforce consumer protection rules).

14. Pilgrim Telephone at 18.

15. *Id.*

BRTF's concerns and must be addressed by the Commission. The BRTF urges the Commission to investigate Pilgrim's charges, and to take remedial steps to ensure that such practices are not permitted to continue in the future.

III. THE COMMISSION SHOULD CONTINUE TO ALLOW THE USE OF THE PHONE BILL AS A BILLING MECHANISM FOR NON-COMMUNICATIONS-RELATED PRODUCTS AND SERVICES.

In its comments, the BRTF urged the Commission to preserve the ability of vendors to use the telephone bill as a non-discriminatory means to charge consumers for a wide variety of products and services. Many commenters supported this position.¹⁶ Significantly, while the State of California currently restricts billing for "non-communications related goods and services" to a separate bill within the telephone envelope, it will soon allow billing for *any* product or service on the telephone bill.¹⁷

A few commenters argue that the telephone bill should not be used for billing non-communications services. For example, the West Virginia Public Service Commission advocates either a ban on billing for non-communications services or, alternatively, granting

16. *See, e.g.,* Comments of Kansas Corporation Commission at 4-5 ("the KCC also supports the concept of applying the same standards which emerge from this proceeding to non-telecommunications related services billed via a consumer's monthly telephone bill); Comments of the Electronic Commerce Association at 3 (noting that without third-party billing arrangements, many casual services might cease to exist); Comments of Pilgrim Telephone, Inc. at 9-10 (observing that there is no practical alternative to LEC billing for casual services), and at 29-30 (discussing blocking alternatives which allow consumers to control which casual services they receive).

17. *See* Comments of California Public Utilities Commission at 3.

consumers rights identical to those that apply to credit card purchases.¹⁸ GVNW Inc./Management suggests that LECs should be able to decline billing for third parties because of “direct economic burdens . . . and indirect economic effects.”¹⁹ The National Consumers League believes third-party billing “is inappropriate and confusing for consumers and that items such as club memberships and debit cards should not be included in the service descriptions that are developed.”²⁰ Bell Atlantic says its “has no interest in billing for crooks and scoundrels.”²¹

The BRTF believes that proposals to ban the use of the telephone bill to charge for certain services are too extreme for the problem they are intended to address. Such proposals are directed at a relatively small number of service providers -- Bell Atlantic’s “crooks and scoundrels.” Banning third-party billing for all entities, however, goes too far and would deprive both consumers and service providers of the benefits of telephone billing just to punish a relatively small number of companies. Civil or criminal sanctions are sufficient to deal with the few “bad actors” responsible for cramming or other dishonest billing practices.²² Those sanctions, combined with an effective dispute resolution mechanism, strike the appropriate balance between protecting consumers from the few unscrupulous service providers and allowing consumers to use their telephone bills as a

18. See Comments of West Virginia Public Service Commission at 2.

19. Comments of GVNW, Inc./Management at 15.

20. Comments of National Consumer League at 8.

21. Comments of Bell Atlantic at 2.

22. See, e.g., Comments of MCI WorldCom at 20 (There are a “minority of carriers who tend to generate the most complaints. For these carriers, the Commission’s enforcement powers should be utilized to stop activity that results in customer abuses.”); *id.* at 26 (“Wide-ranging proscriptive requirements should not be imposed where the exercise of adjudicatory powers against a few bad actors will substantially correct the problem.”)

means to obtain a wide variety of services.

Rather than banning third-party billing, the Wisconsin Public Service Commission has suggested that consumers should be able to request that third-party billings “unrelated” to telephone service not appear on their bills.²³ This proposal, while superficially appealing because it appears to protect consumers, is also overly restrictive.

First, to the extent that LECs offer services identical to those of third-party service providers, the Wisconsin proposal gives LECs an unfair competitive advantage because consumers could cut off billing for non-LEC services, but would have no commensurate option to cut off billing for LEC services. In this regard, the Commission should heed the words of the Coalition to Ensure Responsible Billing:

[T]he Coalition urges the Commission to recognize that the billing arrangements whereby competitive services appear on the local telephone bill may be threatened if incumbent local exchange carriers (“ILECs”) are permitted to give preferential treatment to their own ancillary services on the bill, while imposing discriminatory conditions on similar competitive services. As LECs begin to enter and compete in new markets, ensuring non-discriminatory access to the bill is necessary to restrain their ability to keep competitors’ charges off the monthly bill thus using their control over the local bill as a way to leverage their competitive position into other markets.²⁴

Second, the proposal has the potential to devastate third-party service providers because without adequate notice that a particular service cannot be billed, service providers have no way of knowing that they should cut off service to affected customers.²⁵ This allows such customers to

23. Comments of the Public Service Commission of Wisconsin at 7.

24. Comments of the Coalition to Ensure Responsible Billing at 2.

25. See Comments of Pilgrim Telephone at 29 (“LECs take [a request for 900-number blocking] and load it into their switches in such a manner as to ensure that only the LEC, and not a competitive or third party, can know of or honor the request.”)

continue accessing certain services, but leaves the service provider with no means to bill for the services. Stated simply, customers are given a free ride and service providers' businesses are put into jeopardy.

Finally, limiting the telephone bill to charges that are "related" to basic telecommunications services would be difficult to administer. As the BRTF explained in its comments, such a restriction would force the Commission to determine in countless cases whether a given service qualifies as "related" to telephone service.²⁶ Given the ever-changing nature of the telecommunications industry and the rapid introduction of new services, the Commission would find itself devoting an inordinate amount of time to determining what is "related" to telephone service. Again, as long as an effective, accessible dispute resolution process is available to consumers for disputes relating to all charges on their bills, there is no need to adopt such restrictive proposals.

The BRTF urges the FCC, in coordination with the FTC, to adopt rules and policies that preserve third-party billing and, at the same time, ensure consumers a dispute resolution process that will adequately address disputes when problems arise. Such a process, in combination with civil and criminal sanctions for offenders, will permit the Commission to preserve the telephone bill as a viable alternative billing mechanism.

IV. THE COMMISSION SHOULD TAKE STEPS TO PREVENT UNREASONABLE AND OVERLY RESTRICTIVE LEC BILLING PRACTICES.

In its comments, the BRTF expressed concerns about the recent proliferation of unreasonable, onerous, and overly restrictive billing practices of some LECs. The comments filed

26. BRTF Comments at 6-7.

in this proceeding amplify that concern and underscore the need for the Commission to take affirmative steps to address the problem.

The BRTF's comments recounted instances where LECs made unilateral, non-negotiable changes to billing contracts; terminated billing and collection services after receiving a ridiculously low and arbitrary number of consumer complaints; imposed onerous financial penalties for investigating individual instances of unauthorized charges; adopted unreasonably high reserve and withhold requirements; imposed indefinite moratoria on the provision of certain types of billing and collection services; refused to bill for certain types of pay-per-call content; and refused to bill for pay-per-call services entirely. Other commenters tell of similar occurrences.

Nevadacom, Inc. reports that LECs have begun terminating or modifying their agreements with billing clearinghouses, even going so far as to refuse to bill for a particular service even in situations where the LEC has not received a *single* complaint regarding the particular service provider. Nevadacom also reports that LECs have begun to pressure clearinghouses to institute dollar limits on the amount that service providers can charge for each transaction, which severely limits the services that can be offered to consumers.²⁷

The America's Carriers Telecommunications Association ("ACTA") agrees that LECs "abuse their market powers as billers" and tells of specific abuses similar to those set forth above.²⁸ ACTA also notes that its members fear retaliation and are therefore reluctant to disclose their

27. See Comments of Nevadacom, Inc. at 3-4.

28. See ACTA Comments at 5-6.

identities, which by itself speaks volumes about the extent of LECs' power.²⁹

There is clearly a groundswell from a broad spectrum of industry players, including IXCs and service providers, against these types of LEC practices. Allowing such practices to continue unabated will ultimately destroy the pay-per-call industry and third-party billing generally. In light of the growing record of unreasonable LEC practices, the Commission must take a proactive approach to prevent further abuses of this kind.

To that end, the BRTF asks that the Commission exercise its ancillary jurisdiction over billing and collection services under Title I of the Communications Act. In a 1986 Order, the Commission concluded that Section 2(a) of the Communications Act grants it powers that are "sufficient to enable [the Commission] to regulate exchange carrier provision of billing and collection service to interexchange carriers"³⁰ The Commission declined, however, to exercise this power, finding that "there is sufficient competition to allow market forces to respond to excessive rates or unreasonable billing and collection practices."³¹ As evidence that such competition existed, the Commission noted that "credit card companies, collection agencies, service bureaus" as well as interexchange carriers then provided billing and collection services.³²

29. Moreover, in light of this extreme power imbalance favoring LEC's, the Commission should be wary of comments urging it to "trust in the marketplace." *See, e.g.*, Comments of the Association for Local Telecommunications Services at 2; Comments of AT&T at 2. Since LEC's have almost total control over bills, third parties have little, if any, bargaining power. The skewed balance of power in the marketplace cannot be trusted to yield fair competition in this area. *See* ACTA Comments at 3, 5.

30. *See Detariffing of Billing and Collection Services*, Report and Order, 102 F.C.C. 2d. 1150, 1169 (FCC 86-31, 1986).

31. *Id.* at 1170.

32. *See id.*

Twelve years later, the facts show that the Commission's optimism was misplaced. The mere fact that other entities offer billing and collection services does *not* mean that a competitive market exists for the provision of such services. At present LECs offer the only economically feasible means of billing for pay-per-call services and other telephone-billed purchases.³³ The other methods cited by the Commission as creating competition in the provision of billing and collection either impose prohibitive costs on service providers, or result in such high levels of chargebacks as to be unworkable.³⁴ If the Commission fails to prevent LECs from leveraging their control of billing and collection services, the Commission, by its neglect, will destroy a competitive marketplace and deprive consumers of wanted services.

Indeed, one LEC, GTE, has announced that it will soon start billing only telecommunications and information service related charges that have been pre-approved by GTE and pre-authorized by the customer.³⁵ Some BRTF members have also been informed that other LECs, including US West, will soon cease billing for pay-per-call and other services altogether. Given the profound impact of such decisions and the irreparable harm they will cause to third-party service providers, there is an immediate need for the Commission to take action.

The BRTF urges the Commission to address these problems through a combination of

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33. See, e.g., Comments of MCI WorldCom at 19 (MCI WorldCom's ability to meet demand for casually billed products hangs "on the thin reed of being able to 'bargain' for billing and collection services with ILEC's in a billing environment where *the ILEC is the only practical option.*" (emphasis added))
34. Comments of the Committee to Ensure Responsible Billing at 3-4; see also Comments of Pilgrim Telephone at 9 ("For casual calling services, LEC billing is as much an essential facility as LEC dial tone and access service."); Comments of Nevadacom at 6 ("[D]irect billing is simply not an option.").
35. See GTE Comments at 7.

regulatory and enforcement actions. First, the Commission should strictly enforce the non-discrimination requirements of Section 272(c) of the Telecommunications Act of 1996. The Commission has interpreted Section 272(c) to require that Bell Operating Companies (“BOCs”) provide the same goods, services, facilities and information to unaffiliated entities as they provide to their affiliates.³⁶ The Commission concluded that sound public policy required this interpretation in order to provide the BOC with an incentive to provide efficient service to its rivals by requiring that potential competitors do not receive less favorable prices or terms, or less advantageous services from the BOC than its separate affiliate receives.³⁷

Second, to the extent that the non-discrimination safeguards adopted pursuant to Section 272(c) do not apply in the present context,³⁸ the Commission should act to prevent billing and collection discrimination pursuant to its ancillary jurisdiction under Title I. The record in this proceeding is filled with evidence that undermines the Commission’s premise that a competitive market exists in the provision of billing and collection services.³⁹ This evidence clearly merits a

36. *See Implementation of the Non-Accounting Safeguards of Sections 271 and 272 of the Communications Act of 1934*, 11 FCC Rcd 14728, ¶ 202 (FCC 96-48, 1996). The Commission specifically included billing and collection services within this requirement. *See id.* ¶ 217.

37. *Id.* ¶ 206.

38. For example, if a BOC does not yet offer a particular service (e.g., long distance service, pay-per-call service, etc.), Section 272(c) would not prevent the BOC from discriminating against third-party providers of the service. Similarly, the Commission’s Section 272(c) safeguards are not applicable to LECs and CLECs generally -- they are limited to BOCs.

39. *See* Comments of Pilgrim Telephone at 9-10; Comments of MCI at 18-19, 23; Comments of the Electronic Commerce Association at 4; Comments of the Coalition to Ensure Responsible Billing at 2-3; Comments of Nevadacom at 7-8; Comments of the Competitive Telecommunications Association at 9; ACTA Comments at 5.

rethinking of the Commission's 1986 conclusion that the onset of competition has made Title I regulation of billing and collection services unnecessary. As such, the Commission can and should adopt rules that preclude LECs from engaging in discriminatory billing and collection practices.

As Pilgrim Telephone observed, "LECs do a very good job of providing clear bill presentation for their own enhanced services, but do a very poor job when presenting charges for their billing and collection customers."⁴⁰ Because discrimination is a potential problem when any entity controls the local exchange gateway, the Commission must act to ensure that *all* LECs and CLECs follow fundamental principles of non-discrimination. Failure to do so will stifle competition in the provision enhanced and other competitive services.

Respectfully submitted,

THE BILLING REFORM TASK FORCE

By:



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Dated: December 16, 1998

40. Pilgrim Telephone Comments at 16-17.

EXHIBIT A

64.1510 Billing and Collection of pay-per-call and similar service charges.

(a) Any common carrier assigning a telephone number to a provider of interstate pay-per-call services and offering billing and collection services to such provider shall:

* * * * *

(2) In any billing to telephone subscribers that includes charges for any interstate pay-per-call service:

(i) Include a statement indicating that:

(A) Such charges are for non-communications services;

(B) Neither local nor long distances [sic] services can be disconnected for non-payment **of these charges** ~~although an information provider may employ private entities to seek to collect such charges;~~

(C) ~~900 number blocking is available on request; and~~ **if it is determined, after a reasonable investigation, that these charges were not in error, the service provider (or other parties acting on behalf of the service provider) has the right to pursue collection of the charges, and may report your failure to pay under the Consumer Credit Reporting Act;**

(D) ~~Access to pay-per-call services may be involuntarily blocked for failure to pay legitimate charges; 900 number blocking is available on request; and~~

(E) **Access to pay-per-call services may be involuntarily blocked for failure to pay legitimate charges;**

* * * * *

EXHIBIT B

CONSUMER BILLING NOTICE

This bill contains charges for calls from your phone to 900 numbers that provide information and/or entertainment, which are non-communications services. If you wish to dispute any specific 900 charges that appear on this bill, you must call the number at the bottom of your itemized call page no later than 60 days after we sent you the first bill on which the disputed charge(s) appeared; otherwise the charge(s) will be presumed to be valid.

Neither your local nor long distance service (including access to emergency services) will be disconnected if you do not pay the disputed charges. Even if the disputed charges are removed from your bill, the 900 service provider has the right to pursue the collection of these disputed charges. Also, if you do not pay legitimate charges, your ability to obtain non-communications services and to make 900 calls from your line may be blocked.

Your failure to pay undisputed charges timely may be reported under the Consumer Credit Reporting Act to a third party credit reporting agency, which may adversely affect your credit. You can call your local telephone company to have 900 calls blocked from your line.

Although you do not have to pay any amount in question while we are investigating, you are still obligated to pay the parts of your bills that are not in question. You will not be reported as delinquent and no action to collect the amount you questioned will be taken until we complete our investigation of your dispute.